

MAR 1952

25X1A

CLASSIFICATION RESTRICTED
 SECURITY INFORMATION
 CENTRAL INTELLIGENCE AGENCY
 INFORMATION FROM
 FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT NO.

CD NO. --

COUNTRY Ethiopia
 SUBJECT Economic - Industrial, agriculture, finance
 Sociological - Education, public health
 Transportation - Road, rail, air
 HOW PUBLISHED Political - Legal, administrative
 Weekly newspaper
 WHERE PUBLISHED Asmara
 DATE PUBLISHED 22 Sep - 6 Oct 1952
 LANGUAGE Italian

DATE OF INFORMATION 1952

DATE DIST. ¹³ Mar 1953

NO. OF PAGES 12

SUPPLEMENT TO REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

ILLEGIB

SOURCE Il Lunedì del Medio Oriente.

ETHIOPIAN ECONOMIC AND SOCIAL PROGRESS
DURING THE PAST DECADE

[Following are summaries of a series of three continuous articles published in consecutive issues of the Asmara Italian-language weekly newspaper Il Lunedì del Medio Oriente from 22 September to 6 October 1952. The series deals with the economic and social progress made in Ethiopia during the past decade, with special emphasis on the period since 1945.]

General Remarks

Less than 20 years ago, life in Ethiopia was shrouded in mystery, and contacts with the outside world were very few. Since then, however, Ethiopia has attained a position of recognized and respected independence, and is today among the nations most actively engaged in maintaining peace and collective security in the world.

Much of the credit for the progress made in Ethiopia since its liberation in 1941 goes to Emperor Haile Selassie, whose tireless and unselfish efforts have set a remarkable example. The war, and the destruction accompanying it, brought about many difficulties and problems. The educational system was completely destroyed, and many educated youths were killed in action. Roads and other means of communications were destroyed or badly damaged, trade came to a virtual standstill, the administrative and health services were completely disorganized, the judiciary was woefully inadequate to cope with the vast number of court cases pending, the monetary circulation was hampered by simultaneous use of several currencies, there was no banking system, all industrial activity ceased, capital and goods were scarce, and the black market was rampant.

- 1 -

25X1A

25X1A

RESTRICTED

Immediately following the liberation of the country, the Ethiopian government was unable to devote all of its attention to the task of reconstruction because of its military commitments to the Allies in the struggle against the Axis powers. However, despite these difficulties, it set out to solve the problems in question to the best of its ability.

Reorganization of the Educational System

The government's first reconstruction efforts were directed at the fulfillment of this task. The Ministry of Education adopted new didactic methods and proceeded to reorganize existing schools and gradually to establish new ones, striking a balance between educational needs and available funds.

Since the liberation, 550 new government schools have been established and the total school enrollment has risen to 130,000. A university institute [not further elaborated] was recently set up in Addis Ababa, and the National University will be built shortly. Convinced that education is an extremely important factor in the country's modernization, the government is making every effort to develop mass education among both sexes of the population and is resolved to continue to implement this policy in the future.

Judicial Reform

The reform of the judicial system was carried out at the beginning of 1942. The proclamation issued in connection with the return of the government to Addis Ababa had already provided that henceforth, all laws would become effective only following their publication in the Negarit Gazeta (Official Gazette). This proclamation was followed by the Proclamation on the Administration of Justice, which provided for a new judicial hierarchy and defined the functions thereof. This proclamation also established a four-level court hierarchy, as follows: Imperial Supreme Court; High Court; Provincial Courts; and Regional and Municipal Courts. All of these courts are now in operation.

Banking System

In August 1942, the impelling necessity for an adequate and permanent banking system led to the establishment of the State Bank of Ethiopia, whose entire capital stock was subscribed to by the Ministry of Finance. The bank is located in Addis Ababa and has branches in ten other Ethiopian cities, as well as an office in Djibouti (French Somaliland), and foreign correspondents in 27 of the principal cities of the world. Its business has increased since its establishment, from 12 million Ethiopian dollars' worth of business annually. Deposits and loans have risen from 11 million and one million Ethiopian dollars respectively in 1943 to 45 million at present. Operational profits rose from 140,000 Ethiopian dollars for the first year of operation to more than 1 1/2 million in 1951.

Today, the State Bank of Ethiopia is playing a vital role in the country's development, especially through its loan operations. It is also essential to the development of foreign trade, on which the progress and prosperity of Ethiopia depend to a considerable extent.

A loan of 2 million US dollars granted to Ethiopia in 1951 by the IFRD (International Bank for Reconstruction and Development) made possible the establishment of the Development Bank, with a capital of 13 million Ethiopian dollars. This bank absorbed the Agricultural and Commercial Bank of Ethiopia, which had been established in 1947 to finance short-term agricultural credit. The principal aims of the Development Bank, which is equipped to finance long-term credit, are as follows: (1) to develop industrial and agricultural

- 2 -

RESTRICTED

ILLEGIB

25X1A

RESTRICTED

production; and (2) to encourage investment of private capital, both foreign and domestic. In fact, it is Ethiopian government policy to encourage the inflow of foreign capital by offering foreign investors fiscal and customs exemptions and allowing them to transfer their profits abroad.

In July 1945, for the first time in its history, Ethiopia adopted its own monetary unit, known as the Ethiopian dollar, which contains 5.52 grains of fine gold (one grain is equivalent to 6.48 centigrams) and is worth 40.25 US cents. Any other old currencies are no longer considered to be legal tender.

The State Bank of Ethiopia has a Department of Monetary Issue which is responsible for controlling the new issue of 75,561,999 Ethiopian dollars. Although the backing of the paper currency required by law is 30 percent in gold, silver, and foreign currency and obligations, the bank's reserve in 1951 amounted to over 55 percent of the total volume of paper currency in circulation.

Proof of the stability of the Ethiopian dollar is the fact that since its introduction, it has consistently maintained its parity with the US dollar. It is one of the few monetary units in the world which has not been devalued since the pound sterling was devalued in September 1949.

Currency Control

About 2½ years ago, the Ethiopian government established a system of currency control whose operation it entrusted to the State Bank of Ethiopia. The principal aims of this control are as follows: (1) reduction of imports of nonessential and luxury goods; and (2) acquisition of foreign currency necessary to purchase commodities of prime necessity to a rapidly developing country. Consequently, all persons exporting goods from Ethiopia must hand over their entire proceeds in foreign currency to the State Bank of Ethiopia, which will reimburse the exporters with an equal amount in local currency. As for imports, licenses are issued on the basis of the local availability of foreign currency and other considerations.

This control has had considerable success; witness the fact that the value of Ethiopian exports rose from 159,200,000 Ethiopian dollars in 1949 to 221,300,000 in 1951.

Customs Reform

Meanwhile, the government reformed the Customs Service, realizing that 40 percent of its revenue is derived from customs duties. As a result of this reform and of the increase registered in foreign trade, Ethiopia's customs revenue rose from 6 million Ethiopian dollars in 1943 to an annual average of approximately 26½ million in recent years. At present, customs duties, specific or ad valorem (between 10 and 100 percent), are levied on most imported commodities, while only a few of the major items of export are subject to such duties.

Improvement of Transportation

At the end of the war, large-scale exploitation of Ethiopian resources was begun. However, an essential prerequisite to the undertaking of this project was to improve transportation facilities, particularly in connection with mail and passenger transportation.

- 3 -

RESTRICTED

25X1A

ILLEGIB

RESTRICTED

The Ethiopian government took the first step in this direction in 1945, when it negotiated an agreement with TWA (Trans-World Airlines), by the terms of which, this company would run the newly organized EAL (Ethiopian Air Lines) for an initial period of 7 years. The EAL has been in operation since April 1946. To date, it has flown 45 million passenger-miles without a single accident. The company has Corsair airliners for flights between Addis Ababa and the major Middle Eastern and Asian cities, while using Douglas C 47's for its domestic lines, which serve 16 cities. The EAL has proved to be an important factor in the economic development of Ethiopia. Its annual ton-mileage has tripled during the past 3 years.

The EAL flying crews are US for the most part, but Ethiopian pilots and radio operators are being gradually introduced in the company's local service. Natives are being trained eventually to assume complete responsibility for running the company.

Meanwhile, other transportation facilities were being improved. During the past 5 years, the Franco-Ethiopian Railways has expended over 3 billion French francs for expanding rolling stock, replacing equipment destroyed during the war, and making other needed improvements. The railroad's rolling stock, which covers 780 kilometers from Addis Ababa to Djibouti and annually transports 50 percent of the entire tonnage of freight transported in Ethiopia /by all means of transportation/, consists at present of 89 locomotives and 699 freight cars. The railroad now transports between 500,000 and 600,000 tons of freight annually, as compared with one third of this amount before the war.

Although at the end of the war, there was an urgent need for rebuilding and repairing the Ethiopian road system of 17,890 kilometers, the shortage of capital prevented such a project from being undertaken at that time. However, this difficulty has since been overcome with the aid of 5 million US dollars loaned to Ethiopia in 1950 by the IBRD. Following an agreement made with the IBRD, the Ethiopian government has set up the Imperial Highway Authority. Meanwhile, the road rebuilding and repair program is everywhere in an advanced stage.

It is estimated that during the 20-year term of the loan, Ethiopia will expend 120 million Ethiopian dollars on this road program. The IBRD will provide 10 percent of this amount.

Electrification

A good indication of the general progress of Ethiopia during the past decade is the advance made in the field of electrification. At present, the six major Ethiopian cities, including Addis Ababa, are equipped with large power plants, all of which, except one, operate 24 hours daily. The total capacity of these plants, all of which are nationalized, at the end of 1951 amounted to 5,150 kilovolt-amperes; their output during 1951 totaled 17 million kilowatt-hours. Meanwhile, as a result of a plan scheduled for execution in 1952, the capacity of the Addis Ababa plant will be doubled, and a new and larger plant will be built at Dire Dawa, second largest city in Ethiopia. Other new plants are also to be built at a later date.

Improvement of Telecommunications

Considerable progress has been made also in the field of telecommunications. The facilities built by the Italians and damaged during the war have been repaired and expanded. The present means of telecommunication are as follows: (1) an automatic telephone system in Addis Ababa, with a maximum capacity of 5,000 lines; (2) a telephone system of 2,500 miles, which connects approximately 100 different towns; (3) telephone systems in 18 cities; (4) telegraph and radiotelephone facilities in 16 cities; and (5) international telegraph facilities between Ethiopia and the rest of the world.

RESTRICTED

25X1A

ILLEGIB

RESTRICTED

Recently Ethiopia was granted an IBRD loan of 1½ million Ethiopian dollars to fulfill a plan calling for doubling its telecommunication facilities over a 3-year period. It is estimated that 20 percent of this sum will be used to improve the Addis Ababa telephone system, about 60 percent to expand the provincial telephone network, and the remainder for international connections, general reorganization, and other projects. Approximately an equal amount will be provided by the Ethiopian government for this program.

Industrial Data

Although Ethiopia is not an industrial country, it has at least some light industries. In fact, there are 126 manufacturing establishments, which employ a total of 9,700 persons and constitute a total capital investment of a little over 32½ million Ethiopian dollars. They produce primarily alcohol, beer, brick, tile, cement, tomato paste, cigarettes, processed tobacco, cotton yarns and fabrics, felt hats, electric power, soap, vegetable oils, flour, and wine.

The Sinclair Oil Company concession in the Ogaden region and the sugar mill of the N. V. Handelsvereniging near Nazareth, about 70 miles southeast of Addis Ababa, are two important examples of foreign capital investments made in Ethiopia since 1941.

Agricultural Development

Undoubtedly the greatest amount of progress in Ethiopia has been made in the development of agriculture. Since the war, an agricultural school has been established at Ambo which offers a 4-year course in agricultural science. Another such school is to be set up at Gimma under the Point Four program. It will offer a course of agricultural studies and conduct experiments in the selection of plants and livestock.

The government is encouraging the farmers to raise more and better livestock to bringing about greater consumption and export of meat.

In line with this policy, the government has imported selected head of livestock from several foreign countries for crossbreeding with local stock. Results to date have been good, and substantial improvements have already been registered. In addition, a large-scale immunization program is being carried out with the assistance of a group of experts from the FAO (Food and Agriculture Organization) of the UN. As for cattle, specifically, a 1949 proclamation made mandatory their vaccination and provided penalties for violators of this order.

In November 1951, a successful agricultural and trade fair was held in Addis Ababa to encourage farmers to adopt improved methods of cultivation. Meanwhile, the Ministry of Agriculture is circulating special pamphlets among the farmers and sending agricultural experts to the rural areas in an effort to popularize modern farming methods.

The standards set by the Ethiopian Grain Board for the selection of exported cereals and oleaginous seeds have enabled Ethiopian agriculture to compete successfully with that of other countries.

Foreign Trade

The foreign trade of Ethiopia reflects the progress made in that country's general economic development, particularly in agriculture, transportation, and finance. During 1951, the total value of Ethiopian exports came to a record figure of 116,771,000 Ethiopian dollars, with a favorable balance of about 26,400,000 Ethiopian dollars (against approximately 9,700,000 in 1950). This occurred despite a 42-percent increase in imports, which were valued in 1951 at 104,550,000 Ethiopian dollars, as compared with 73,400,000 in 1950.

- 5 -

RESTRICTED

The following table lists the principal commodities exported by Ethiopia during the period from 1945 to 1951 (in quintals, unless otherwise indicated):

Commodity	1945	1946	1947	1948	1949	1950	1951
Cotton fabrics, Abugiadid variety (thousands of bolts)	633	710	482	724	859	812	673
Cotton fabrics, other varieties (thousands of bolts)	299	384	370	311	1,342	279	341
Yarn	9,136	14,532	15,287	21,817	26,615	26,739	26,666
Blankets	120	1,130	3,170	2,360	4,657	3,574	5,203
Cotton, raw	6,517	9,235	3,877	3,902	5,561	8,118	10,420
Sacks, jute (thousands of units)	591	1,249	1,649	1,738	1,342	891	629
Salt	453,937	352,116	462,106	430,106	407,662	484,817	508,199
Sugar	13,019	18,397	32,293	59,080	78,195	83,160	109,694
Petroleum	153,456	222,040	237,116	214,093	206,997	172,741	237,340
Motor vehicles (units)	244	330	835	453	447	393	717
Soap	2,327	4,066	2,525	6,056	8,543	6,540	9,294
Cement	9,693	14,231	47,877	2,174	23,045	14,592	15,024
Coal	3,200	38,745	150,070	108,797	79,024	79,650	62,055

RESTRICTED

- 6 -

RESTRICTED

25X1A

ILLEGIB

The following table indicates the value of the commodities imported by Ethiopia during the period from 1945 to 1951 (in thousands of Ethiopian dollars):

Commodity	1945	1946	1947	1948	1949	1950	1951
Cotton fabrics, Abugiadid variety	12,232	14,985	16,655	22,302	17,822	11,072	14,692
Cotton fabrics, other varieties	5,960	9,437	9,648	11,911	10,403	7,141	11,076
Other cotton goods	359	1,984	2,621	3,025	2,703	2,297	3,678
Yarn	3,573	5,749	10,712	10,503	10,407	7,636	12,447
Cotton, raw	718	1,081	373	492	1,037	1,425	2,485
Woolen goods	475	693	3,150	3,713	4,054	1,961	1,652
Sacks, jute	398	1,121	2,000	2,413	1,727	907	695
Textile products, miscellaneous	79	540	1,126	1,672	1,747	1,725	2,642
Salt	3,574	3,275	4,979	5,036	5,501	4,303	4,822
Sugar	697	1,518	3,034	4,197	4,530	4,135	6,326
Wine, beer and liquor	320	1,020	1,260	1,182	1,261	668	836
Fruit and canned goods	343	593	1,346	1,451	1,641	1,160	1,653
Tobacco products	747	1,067	817	643	349	530	528
Motor vehicles and spare parts thereof	285	1,142	3,477	2,734	2,934	2,434	6,301
Rubber products	444	1,827	2,825	2,150	2,961	1,892	3,308
Petroleum	2,784	4,107	4,150	4,966	4,720	5,553	6,495

Adjoins page 8 here.

[Adjoins page 7 here.]

Paper, paper products	233	794	1,655	1,143	1,198	1,200	2,113
Metal products	475	1,448	2,870	4,849	3,472	3,831	5,813
Electrical equipment	77	200	544	502	601	760	1,426
Machinery	60	221	1,667	1,866	1,670	2,922	3,422
Glass products and hardware	91	242	904	710	947	714	932
Drugs	427	1,749	1,859	1,728	647	2,245	1,979
Soap	266	457	377	841	1,165	684	909
Cement	102	241	755	31	269	158	152
Coal	11	332	863	915	403	569	445
Other	6,169	3,399	4,426	4,275	3,815	5,485	7,733

RESTRICTED

- 8 -

RESTRICTED

25X1A

The following table lists statistics on the principal commodities exported by Ethiopia during the period from 1945 to 1951 (in quintals, unless otherwise indicated):

Commodity	1945	1946	1947	1948	1949	1950	1951
Coffee	154,456	151,477	156,428	153,441	223,494	187,100	303,492
Cattle hides	16,757	68,985	49,945	51,403	62,475	81,496	103,145
Sheepskins (thousands of units)	903	1,155	1,707	1,710	2,072	1,779	1,832
Goatskins (in thousand units)	1,254	2,479	3,871	2,835	3,246	3,450	2,233
Leather	2,200	1,304	665	61	131	--	--
Cereals and legumes	470,889	902,336	1,241,278	1,246,063	873,922	486,154	432,206
Flour	139,960	162,113	107,518	57,895	48,308	39,613	7,122
Italian paste	5,626	2,270	1,805	886	602	329	23
Seed oil	11,436	11,945	135,017	183,148	336,745	264,582	225,379
Vegetable oil	20,697	18,510	32,318	7,274	2,782	2,216	3,104
Beeswax	4,195	4,000	4,359	3,225	3,558	3,814	3,592
Civet (ounces)	63,924	51,799	20,819	16,900	20,728	43,653	41,385
Honey	5,440	3,678	2,308	1,443	2,888	532	530
Butter, refined	5,054	3,513	4,260	1,190	1,265	519	131

[Adjoins page 10 here.]

25X1A

[Adjoins page 9 here.]

Lard	38	305	1,424	86	--	64	307
Eggs (thousands of units)	7,948	7,210	5,249	4,432	4,200	2,929	2,904
Spices	11,176	7,314	11,594	17,265	16,172	7,086	10,252
Vegetable greens	20,612	18,003	17,707	23,492	24,821	14,660	12,246
Cement	39,413	36,215	955	4,640	25,043	20,145	15,301
Lumber (cubic meters)	4,262	1,591	291	558	158	356	503

The following table shows the value of Ethiopian exports for the period from 1945 to 1951 (in thousands of Ethiopian dollars):

Commodity	1945	1946	1947	1948	1949	1950	1951
Coffee	17,014	17,419	17,372	14,653	22,139	32,648	62,700
Cattle hides	983	8,996	7,866	6,416	7,640	8,905	20,954
Sheepskins	944	2,486	8,829	5,379	6,358	6,294	5,334
Goatskins	686	2,409	2,799	2,613	3,210	3,513	4,202
Other skins	707	968	613	418	287	209	255
Leather and leather goods	684	463	224	24	32	12	14
Cereals and legumes	5,024	7,718	20,952	33,382	14,034	7,987	8,522
Flour	4,577	4,925	3,661	2,566	1,645	1,083	295

[Adjoins page 11 here.]

RESTRICTED

- 10 -

RESTRICTED

25X1A

[Adjoins page 10 here.]

Italian paste	476	176	156	96	35	6	2
Seed oil	346	256	4,875	7,124	10,596	6,716	8,336
Vegetable oil	834	1,577	2,390	1,015	336	232	556
Beeswax	702	854	974	906	767	748	1,096
Civet	435	394	95	87	89	236	246
Honey	373	266	181	139	323	49	54
Livestock	249	282	216	231	272	180	111
Butter	752	566	790	215	222	99	26
Lard	3	22	217	7	--	6	10
Eggs, fresh	160	149	128	132	115	75	73
Spices	352	253	464	774	770	351	803
Vegetable greens	315	253	233	282	258	227	224
Cement	422	292	13	44	234	224	172
Lumber	512	184	42	67	21	37	60
Other	4,456	2,910	1,267	1,096	1,868	1,035	2,726

RESTRICTED

- 11 -

RESTRICTED

25X1A

ILLEGIB

25X1A

ILLEGIB

RESTRICTED

The statistics listed in the above four tables were compiled by the Ethiopian Customs Service.

Health Facilities

The Ethiopian government has adopted many reforms in the field of public health since the country's liberation. In 1941, the Department of Public Health was organized in the Ministry of the Interior. In 1948, this department became the Ministry of Public Health.

This ministry has provided, inter alia, for radio programs to be broadcast, motion picture films to be shown, and pamphlets to be distributed, with a view to making known modern hygienic and prophylactic methods. The ministry in question has organized the training of nurses, laboratory assistants, technicians, and pharmacists, with a view to replacing eventually foreign personnel in these capacities with natives. In 1951, such foreign personnel numbered 189, as compared with 103 in 1943.

At present, the Ministry of Public Health has jurisdiction over 42 hospitals and 19 clinics throughout the country. As for physicians, there are 116 in the employ of the government and approximately an equal number in private practice. Addis Ababa has a so-called Medical Research Institute which, inter alia, inspects food and water for human consumption, and produces vaccines (against typhus, rabies, and smallpox) in sufficient quantities to satisfy all such needs in Ethiopia. A medical school (in Addis Ababa) and additional hospitals and clinics have been planned to train more doctors.

Proper hygiene is stressed in the elementary schools, where special courses are given on the subject. Medical records are kept on each pupil. Special training is given to nurses serving in these schools. In Addis Ababa, at least one room in every school is used as an infirmary. The Ministry of Public Health supplies all schools gratuitously with drugs and vaccines.

- E N D -

- 12 -

RESTRICTED